

Compliance Officer's Role in Effective Execution of AML/CFT Measures, Screening and STR Reporting

31 May 2023

Financial Intelligence Unit

Central Bank of Sri Lanka



Outline of the Presentation

- 1. Results of the National risk Assessment**
- 2. Current Technical Compliance and Effectiveness Level of Sri Lanka**
- 3. Common Regulatory Lapses the FIU has Identified**
- 4. STR and Monitoring Suspicious Transaction Patterns**
- 5. Issues Encountered in Submissions of Threshold Reports via GoAML**



Results of the National Risk Assessment of Sri Lanka



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Money Laundering Threat



Drug Trafficking



Bribery & Corruption



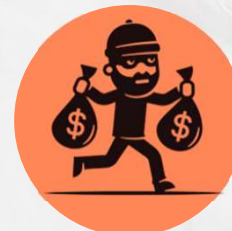
Customs related offences including TBML



Illegal Fishing



Environmental Crimes



Robbery



Fraud



Human Smuggling/
Trafficking



Tax Offences



Counterfeiting Currency





Sectoral Vulnerability to ML

Licensed Finance Companies

EMS Providers

Gem & Jewellery

Banking

MVTS Providers

Restricted Dealers

Casino

Securities
(Stockbrokers & Primary Dealers)

Real Estate

Hawala

Least Vulnerable

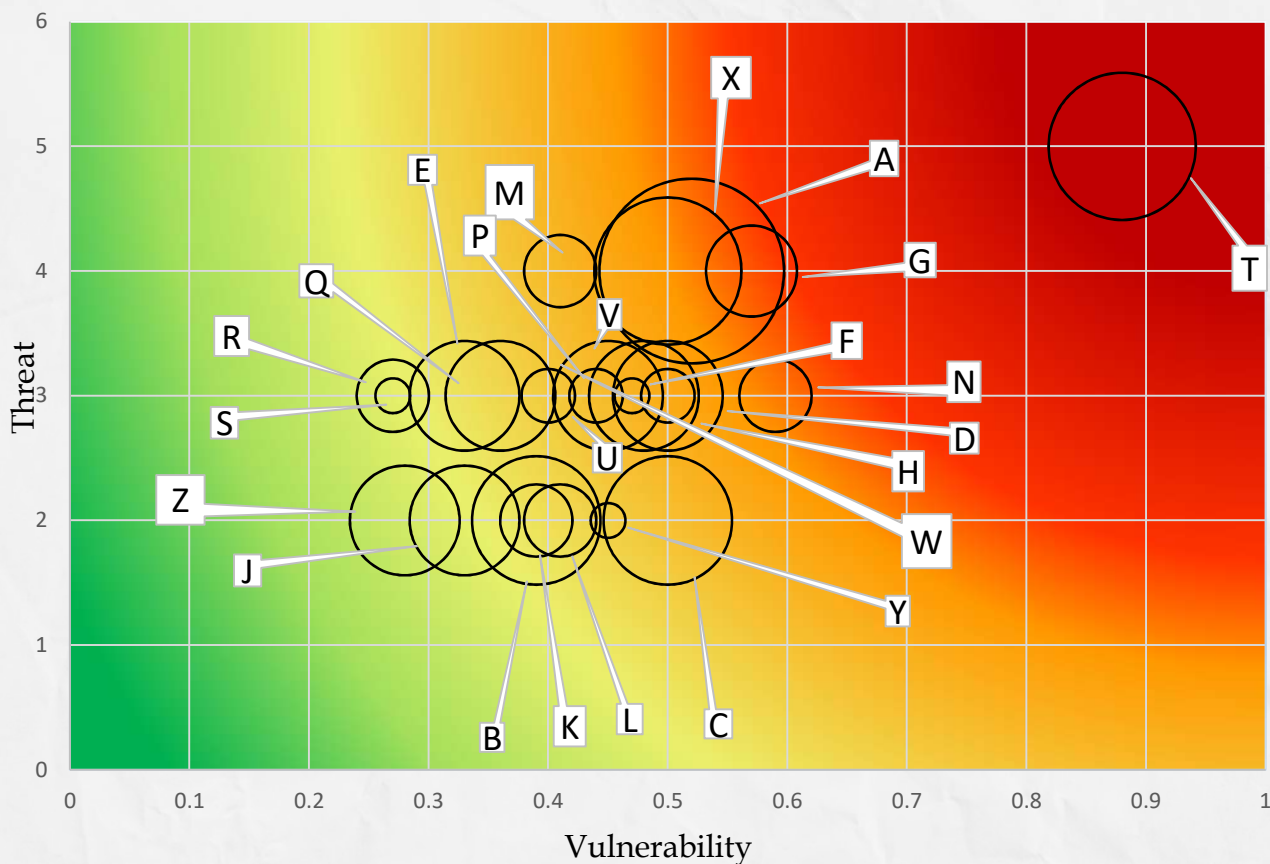
Most Vulnerable



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Sectoral Risk - Heat Map



- A - Banking
- B - Insurance
- C - Stockbrokers
- D - Primary Dealers
- E - UTs and IMs
- F - Casino
- G - Real Estate
- H - Gem and Jewellery
- J - Accountants & Auditors
- K - TCSPs
- L - Lawyers
- M - NPs
- N - MVTS Providers
- P - RDs
- Q - SLCs
- R - CSs
- S - SBs
- T - Hawala
- U - IPBs
- V - IML
- W - EMS
- X - LFCs
- Y - UMI
- Z - MFIs



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Overall ML/TF Risk in Sri Lanka



Overall Threat	H	M	M	MH	H	H
	MH	M	M	MH	MH	H
	M	ML	M	M	MH	MH
	ML	ML	ML	M	M	M
	L	L	ML	ML	M	M
		L	ML	M	MH	H
		Overall Vulnerability				

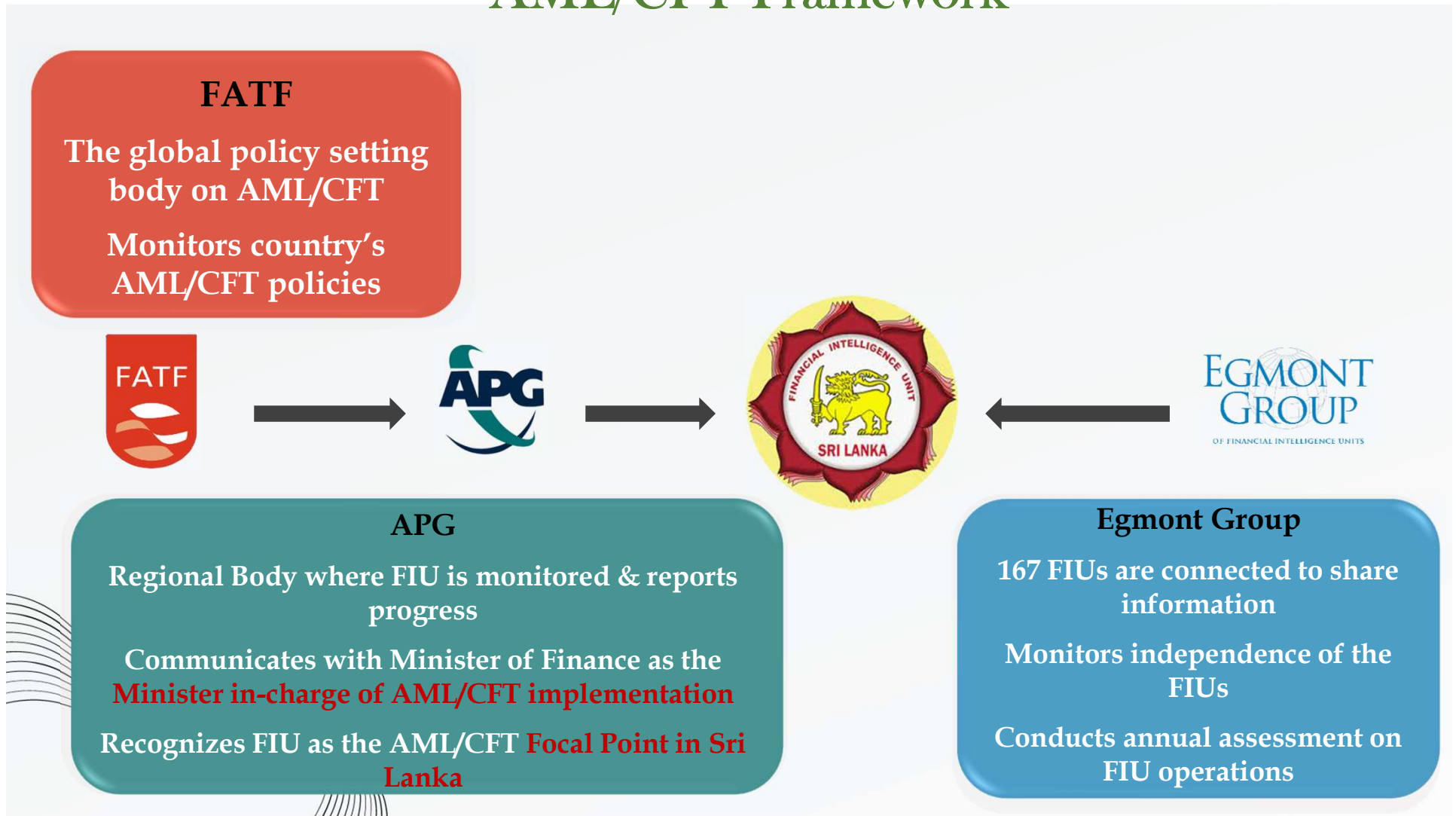


Strategic Deficiencies Identified in the NRA

- Gaps in the legal and institutional framework (BO, asset recovery and management, NPOs, informal money remittance, VA and VASPs, real estate)
- Low level of ML/TF investigations, prosecutions, convictions and asset recovery
- Lack of statistics/databases on ML/TF
- Poor inter-agency/domestic coordination and international cooperation
- Inadequate resources, capacity, skills and expertise to effectively combat ML/TF
- Inadequate coverage/supervision of DNFBP sector and non-existence of a regulatory authority for the real estate and casino sectors



International Monitors Overseeing Sri Lanka's AML/CFT Framework



3rd Mutual Evaluation on Sri Lanka



Sri Lanka's 3rd ME will **start from April 2025**



Sri Lanka needs to:

- Address remaining technical deficiencies (Recommendation rated as PC and NC)
- Make required changes without delay for any Recommendation updates to be done by the FATF
- Improve effectiveness of all 11 Immediate Outcomes

Failure to do so will result in future FATF listing of Sri Lanka

It is important that the FIU staff has the experience & technical knowledge of areas covered during an on-site. This could be achieved through the participation on other country assessments and peer reviews.

It is important that the FIU staff attend the FATF Standards Training Program which is conducted twice a year to gain knowledge of these standards in depth.



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International Monitors Overseeing Sri Lanka's AML/CFT

Framework Cont.



1

FATF AML/CFT Policies and Coordination
(02 Recommendations)

2

Money Laundering and Confiscation
(02 Recommendations)

3

Terrorist Financing and Financing of Proliferation
(04 Recommendations)

4

Preventive Measures
(15 Recommendations)

5

Transparency and Beneficial Ownership of Legal Persons and Arrangements
(02 Recommendations)

6

Power and Responsibilities of Competent Authorities and Other Institutional Measures
(10 Recommendations)

7

International Cooperation
(05 Recommendations)



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International Monitors Overseeing Sri Lanka's AML/CFT Framework Cont.

Effectiveness

The extent to which the defined outcomes are achieved:

Effectiveness is that the AML/CFT system of the country is producing the expected results.

FATF 11 Immediate Outcomes

IO1 ➤ Risk, Policy and Coordination

IO2 ➤ International Cooperation

IO3 ➤ Supervision

IO4 ➤ Preventive Measures

IO5 ➤ Transparency and BO (LPs and Las)

IO6 ➤ Financial Intelligence

IO7 ➤ ML Investigation / Prosecution

IO8 ➤ Confiscation

IO9 ➤ TF Investigation / Prosecution

IO10 ➤ TF Prevention and TFS

IO11 ➤ Proliferation Financing TFS



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Current Technical Compliance Level of Sri Lanka

Level of Compliance	At the MER Adoption July 2015	After Re-rating 2016	After Re-rating 2018	After Re-rating 2019	After Re-rating 2020	After Re-rating 2021
Compliant (C)	5	5	6	7	7	7
Largely Compliant (LC)	7	16	21	24	24	25
Partially Compliant (PC)	16	13	8	7	8	7
Non-Compliant (NC)	12	6	5	2	1	1
	40	40	40	40	40	40

Status of Sri Lanka's AML/CFT Effectiveness

Immediate Outcome	Level of Effectiveness - 2015	Level of Effectiveness - When placing on ICRG in 2017	Level of Effectiveness - After exiting from ICRG in 2019
1. Risk, Policy & Coordination	Moderate		Improving
2. International Cooperation	Low	Low	Improving
3. Supervision	Low	Low	Improving
4. Preventive Measures	Low	Improving	Improving
5. Legal Persons & Arrangements	Low	Low	Improving
6. Financial Intelligence	Low	Improving	Improving
7. ML Investigation & Prosecution	Low	Improving	Improving
8. Confiscation	Low	Improving	Improving
9. TF Investigation & Prosecution	Substantial		
10. TF Preventive Measures & Financial Sanctions	Low	Improving	Improving
11. PF Financial Sanctions	Low	Low	Improving

Institutions Supervised by the FIU

Financial Institutions (FIs) - 130

- Licensed Commercial Banks (24)
- Licensed Specialized Banks (6)
- Licensed Finance Companies (36)
- Insurance Companies (28)
- Stockbrokers (28)
- Money or Value Transfer Services (3)
- Primary Dealers (5)

Designated Non-Finance Businesses and Professions (DNFBPs) - 397

- Gem and Jewellery Dealers (195)
- Real Estate Agents (169)
- Casinos (3)
- Lawyers (16)
- Accountants (8)
- Trust and Company Service Providers (6)



Common Regulatory Lapses FIU has Identified in Implementing an Effective AML/CFT Compliance

- Not maintaining the complete set of UNSCR lists.
- Failure to screen existing database when UNSCR lists get updated.
- Failure to screen all the prospective customers against UNSCR lists at the time of onboarding (Ex: Gold loan customers were not screened).
- Conduct of debit transactions through suspended accounts.
- Failure to report pawning auction cash transactions exceeding Rs. 1 Mn.
- Failure to obtain required information for third party customers.
- Failure to obtain approval for PEP accounts.
- Failure to identify transaction patterns and verify the source of income which deviated from the customer profile and to consider raising STR.

Common Regulatory Lapses FIU has Identified in Implementing an Effective AML/CFT Compliance Cont.

Penalties Imposed on FIs from 2019 to 31st March 2023

Year	Date	FI	Type of Violation	Amount (Rs.)	Total (Rs.)
2019	28.06.2019	BOC	Targeted Financial Sanctions, Third party deposits related requirements, PEPs related requirements	3,000,000.00	5,000,000.00
	30.08.2019	NTB	Non-reporting over Rs. 1 Mn transactions	1,000,000.00	
	27.09.2019	Commercial Credit & Finance	Targeted Financial Sanctions	1,000,000.00	
2020	20.01.2020	Sarvodaya Development	Targeted Financial Sanctions	500,000.00	3,300,000.00
	12.03.2020	UB Finance	Targeted Financial Sanctions	500,000.00	
	15.10.2020	Richard Peiris	Targeted Financial Sanctions	300,000.00	
	04.11.2020	Softlogic Finance	Targeted Financial Sanctions	1,000,000.00	
	25.11.2020	Siyapatha Finance	Targeted Financial Sanctions	1,000,000.00	
2021	20.01.2021	Kanrich Finance	Targeted Financial Sanctions	1,000,000.00	10,500,000.00
	18.02.2021	Commercial Bank	CDD, Non reporting STRs, Internal controls	3,000,000.00	
	28.05.2021	Union Bank	Targeted Financial Sanctions	2,000,000.00	
	31.05.2021	DFCC	Suspension orders	1,000,000.00	
	11.08.2021	People's Merchant	Targeted Financial Sanctions	1,000,000.00	
	12.08.2021	Seylan	Suspension orders	500,000.00	
	19.08.2021	Ideal Finance	Targeted Financial Sanctions	500,000.00	
	14.09.2021	Orient Finance	Targeted Financial Sanctions	1,000,000.00	
	14.09.2021	LCB Finance	Targeted Financial Sanctions	500,000.00	



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Common Regulatory Lapses FIU has Identified in Implementing an Effective AML/CFT Compliance Cont.

Penalties Imposed on FIs from 2019 to 31st March 2023

Year	Date	FI	Violation	Amount (Rs.)	Total (Rs.)
2022	02.06.2022	Sampath Bank	Disclosure of filing of STRs	1,000,000.00	11,750,000.00
	08.09.2022	People's Bank	Targeted Financial Sanctions	2,000,000.00	
	08.09.2022	DFCC	Suspension orders	4,000,000.00	
	13.10.2022	NSB	Targeted Financial Sanctions	750,000.00	
	13.10.2022	BOC	Targeted Financial Sanctions	3,000,000.00	
	13.10.2022	NDB	Suspension orders	1,000,000.00	
2023	21.02.2023	PSB	Targeted Financial Sanctions, CDD related requirements	500,000.00	5,500,000.00
	21.02.2023	HDFC	Targeted Financial Sanctions, Non-reporting over Rs. 1 Mn transactions	1,000,000.00	
	21.02.2023	Seylan Bank	Targeted Financial Sanctions	1,000,000.00	
	23.02.2023	Sampath	Non-reporting STRs	1,000,000.00	
	23.02.2023	People's Bank	Non-reporting STRs	1,000,000.00	
	23.02.2023	HNB	Non-reporting STRs	1,000,000.00	

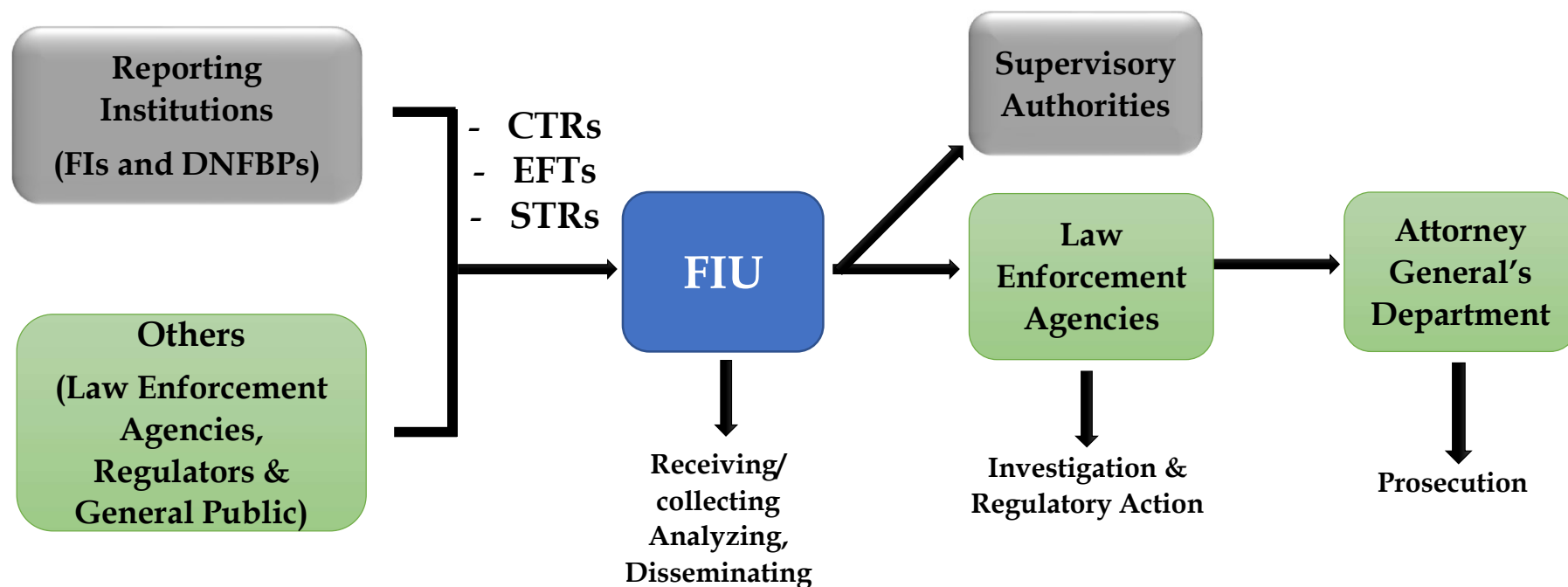


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STR and Monitoring Suspicious Transaction Patterns

STR Handling Process

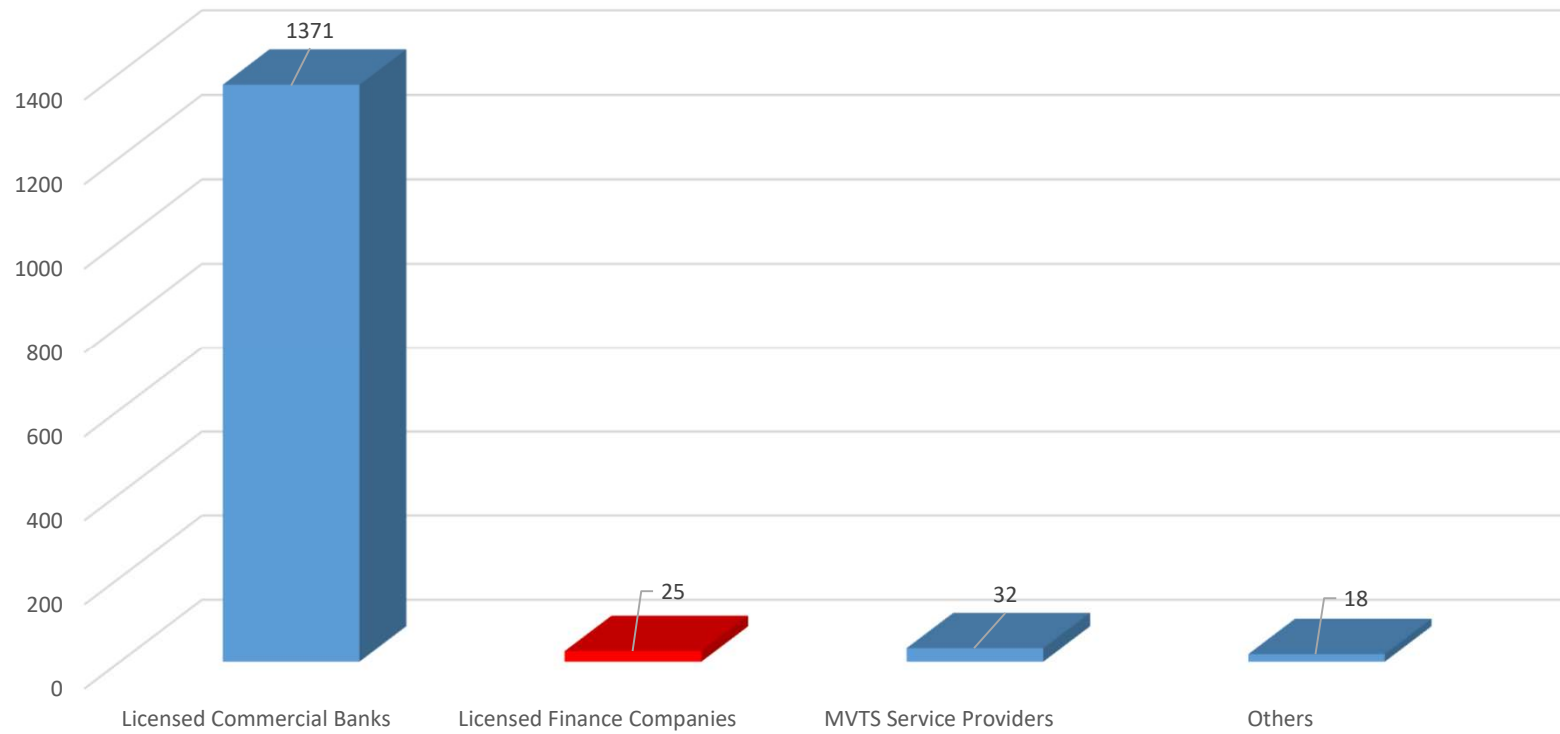


CTRs - Cash Transaction Reports

EFTs - Electronic Fund Transfers

STRs - Suspicious Transaction Reports

No. of STRs reported in 2022



Monitoring Suspicious Transaction Patterns and Reporting STRs

- ❖ Having proper systems to identify red flags
 - Systems to maintain customer records and transaction records
 - Monitoring of transaction limits
 - Systems and procedures to monitor transaction patterns
- ❖ Train RIs' staff on identification of red flags.
- ❖ Having controls to capture suspicious activities
 - Monitoring transactions through CCTVs



Monitoring Suspicious Transaction Patterns and Reporting STRs

Reasonable grounds of suspicion

- Activation of dormant account
- Large/unusual cash deposits/withdrawals not consistent with the known pattern of transactions
- Large/unusual inward/outward remittances
- Transactions without an economic rationale
- Regular unusual offshore activity



Monitoring Suspicious Transaction Patterns and Reporting STRs

Reasonable grounds of suspicion

- Reluctance to divulge identification and other information
- Frequent transactions below reporting threshold
- Funds originating from a suspicious organization/individual (known terrorist front organizations, shell companies etc.)
- Submission of forged NIC or any other identification documents
- Forged documents



Guidelines for Financial Institutions on Enhancing STR Reporting Quality, No. 01 of 2021

- ❖ Guideline 7 - “**consideration of facts and circumstances available to the Financial Institution**” means that the financial institution has gathered all relevant facts that are available to them and has analyzed and evaluated those facts within their full institutional AML/CFT compliance context prior to making a decision regarding the submittal of an STR.
- ❖ Guideline 9 - There should also be **human involvement** in the actual preparation of the STR in a manner that efficiently conveys to FIU analysts the facts and circumstances that form the basis of the suspicion as well as the nature of the suspicion itself.

Guidelines for Financial Institutions on Enhancing STR Reporting Quality, No. 01 of 2021

- ❖ Guideline 11 - The FTRA requires STRs to be submitted as soon as practicably possible but no later than two working days **after formation of suspicion**. The STR must be filed no later than two days after that point when suspicion has been formed. The timer does not necessarily begin at the point of a transaction.
- ❖ Guideline 12 - A “best practice” is for financial institutions **to retain all records related to formation of a suspicion**, including the original triggers, all facts and circumstances related to the original triggers and gathered as a result of investigation, all notes pertaining to analyses of gathered facts and circumstances, and all notes related to the evaluation of analysis and the ultimate decision to either submit or not submit an STR.

Requirement to conduct CDD before forming suspicion (CDD rule No. 01 of 2016)

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PART I : SEC. (I) - GAZETTE EXTRAORDINARY OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA - 27.01.2016

(2) Numbered Accounts include accounts that the ownership is transferrable without knowledge of the Financial Institution and accounts that are operated and maintained with the account holder's name omitted.

25. Every Financial Institution shall maintain accounts in such a manner that assets and liabilities of a given customer can be readily retrieved. Accordingly, no Financial Institution shall maintain accounts separately from the Institution's usual operational process, systems or procedure.

26. Every Financial Institution shall conduct the CDD measures specified in these rules, on customers conducting the transaction, when-

- (a) entering into business relationships;
- (b) providing money and currency changing business for transactions involving an amount exceeding rupees two hundred thousand or its equivalent in any foreign currency;
- (c) providing wire transfer services as referred to in Rules 68 to 83;
- (d) carrying out occasional transactions involving an amount exceeding rupees two hundred thousand or its equivalent in any foreign currency where the transaction is carried out in a single transaction or in multiple transactions that appear to be linked;
- (e) the Financial Institution has any suspicion that such customer is involved in money laundering or terrorist financing activities, regardless of amount; or
- (f) the Financial Institution has any doubt about the veracity or adequacy of previously obtained information.



Submission of STRs

- ❖ STR should be dully filled and submitted through goAML.
- ❖ STR should be submitted with all the required information, and supportive documents including given below.
 - Clearly and adequately described grounds of suspicion
 - Details of formation of suspicion (including STR checklist)
 - Banking Relationship Summary
 - Statement of Accounts
 - Suspicious Debit and Credit transactions
 - Suspicious Inward and Outward Remittances



Submission of STRs

❖ Supportive Documents

- Account Opening documents
- KYC information
- Copies of Customer Identification documents (NIC/Passport/Driver's license)
- Deposits/withdrawal slips, cheque images, TT forms, invoices
- Copies of 3rd party complaints, if any
- If the customer is a Legal person, then the relevant documents and details such as Company registration, certificate of incorporation, Form 15, Form 20, etc.,



Issues Encountered in Submissions of Threshold Reports

via GoAML

- Lack of understanding about the 'simple' reporting model:
 - Cash transactions (whether OTC or deposited to collection/operation accounts) are between '**Customer**' and relevant '**FI Account**'
 - Fund transfers are between '**Collection/Operating Account**' and relevant '**FI Account**'
 - Need to use correct 'PAE's for From/To side of the transactions

- Misinterpretation of the validation process:
 - Ultimate responsibility of submitting complete and accurate transactions is with the FI, not with FIU or goAML
 - goAML validator tool and subsequent validation process cannot capture all invalid transactions.
 - FIU constantly updates goAML validation process. But if you validate reports from your end before submitting them to goAML, it should not be a problem to you
 - Uploaded > Transferred from Web > Processed



Issues Encountered in Submissions of Threshold Reports

via GoAML

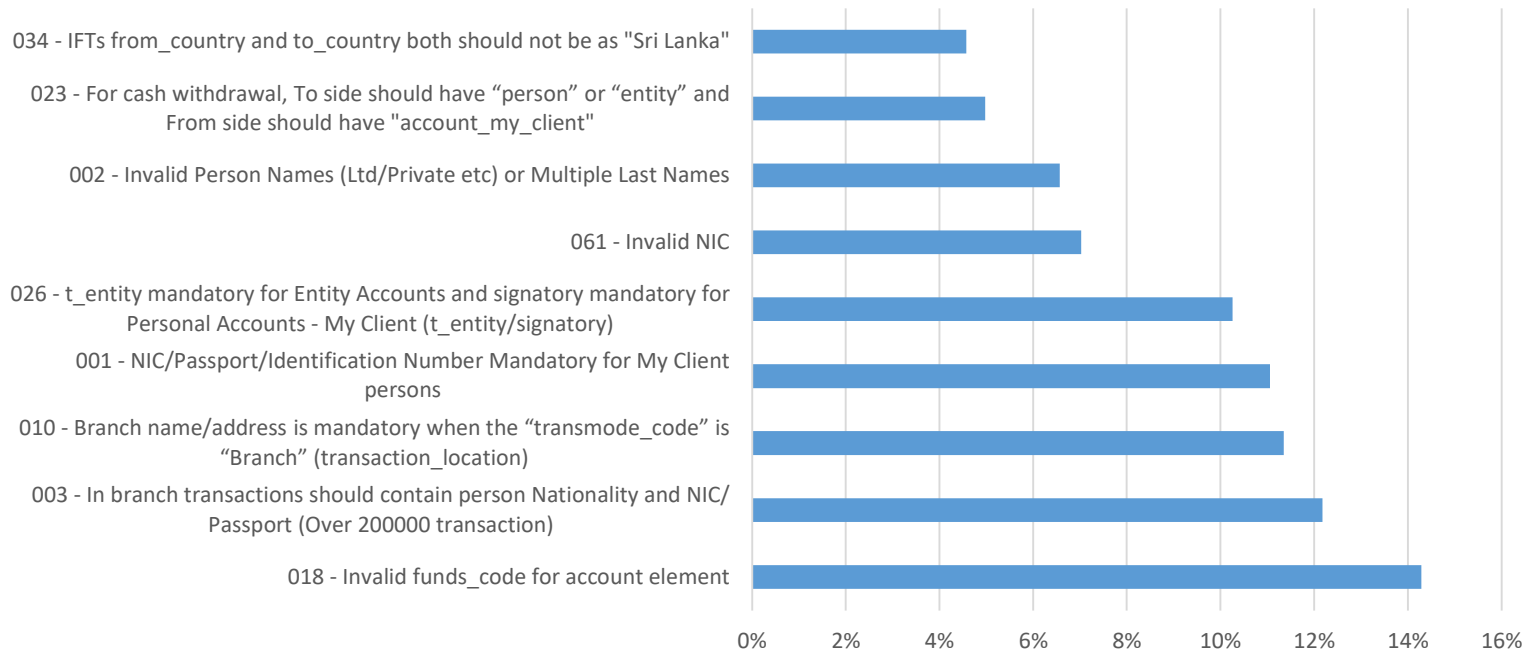
- Lack of understanding about the goAML 'XML Schema':
 - Need proper XML knowledge
 - Need proper understanding of schema documentation
- Lack of system development skills:
 - Need proper XML / Programming / DB query / testing skills
- Lack of understanding about the 'User Roles':
 - Different roles can access different functions
 - Refer goAML Web User Manual
- Knowledge transfer issues (related to staff turnover):
 - Internal documentation
- Negligence in report submissions:
 - Same report submitted several times
 - Transactions repeated in multiple reports



Issues Encountered in Submissions of Threshold Reports via GoAML

- Transaction rejection reasons (Validation Rules):

Transaction Rejections - Top Reasons



Stats

Screening of Customers in Gold Loan and Vehicle Auctioning

- If gold loan and vehicle auctioning activities fall under the definition of 'Finance Business' of the FI, then KYC/CDD should be conducted for those customers as well.
- These customers should also be considered as other customers (Savings, FD customers), and screening procedure should be also applied to them.
- Furthermore, under above conditions such transactions should be reported under threshold reporting and STR reporting.





*Thank
you*



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Additional Slides



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FIU's Expectations of Compliance Officers' Effective Execution of AML/CFT Measures Cont.

Implement the Customer Identification Requirements

Section 2 (1) of the FTRA

No institution can open, operate or maintain an account where the holder of that account cannot be identified.

Section 2 (2) of the FTRA

Subject to any rules issued by the FIU, **identify** each customer and **verify** identification as is reasonably capable of identifying a customer on the basis of any **official document** or other reliable and independent source document.

Section 2 (3) of the FTRA

The FIU to issue Rules and Regulations on KYC/CDD.



FIU's Expectations of Compliance Officers' Effective Execution of AML/CFT Measures

Key Responsibilities of a Compliance Officer (CO) under Section 14 (1) (b), (c) and (d) of the FTRA

1. Implement the customer identification requirements.
2. Implement procedures for the record keeping and retention requirements.
3. Implement the process of monitoring.
4. Implement the reporting requirements.
5. Make aware the officers/employees of the Institution on the laws relating to ML/TF.
6. Screen all persons before hiring them as employees.
7. Establish an audit function to test Institution's procedures and systems for the compliance with the provisions of the FTRA.
8. Train officers, employees and agents to recognize suspicious transactions.

FIU's Expectations of Compliance Officers' Effective Execution of AML/CFT Measures Cont.

Implement the Customer Identification Requirements

Previous Rule

The Extraordinary *Gazette* No. 1699/10 dated March 28, 2011
Know Your Customer and Customer Due Diligence Rules, No. 1 of 2011

Cancelled

New Rule

The Extraordinary *Gazette* No. 1951/13 dated January 27, 2016
Customer Due Diligence Rules, No. 1 of 2016

Amendments to the Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016 - Extraordinary Gazette No 2092/02, October 08 of 2018

Link

http://fiusrilanka.gov.lk/docs/Rules/2016/1951_13/1951_13_E.pdf

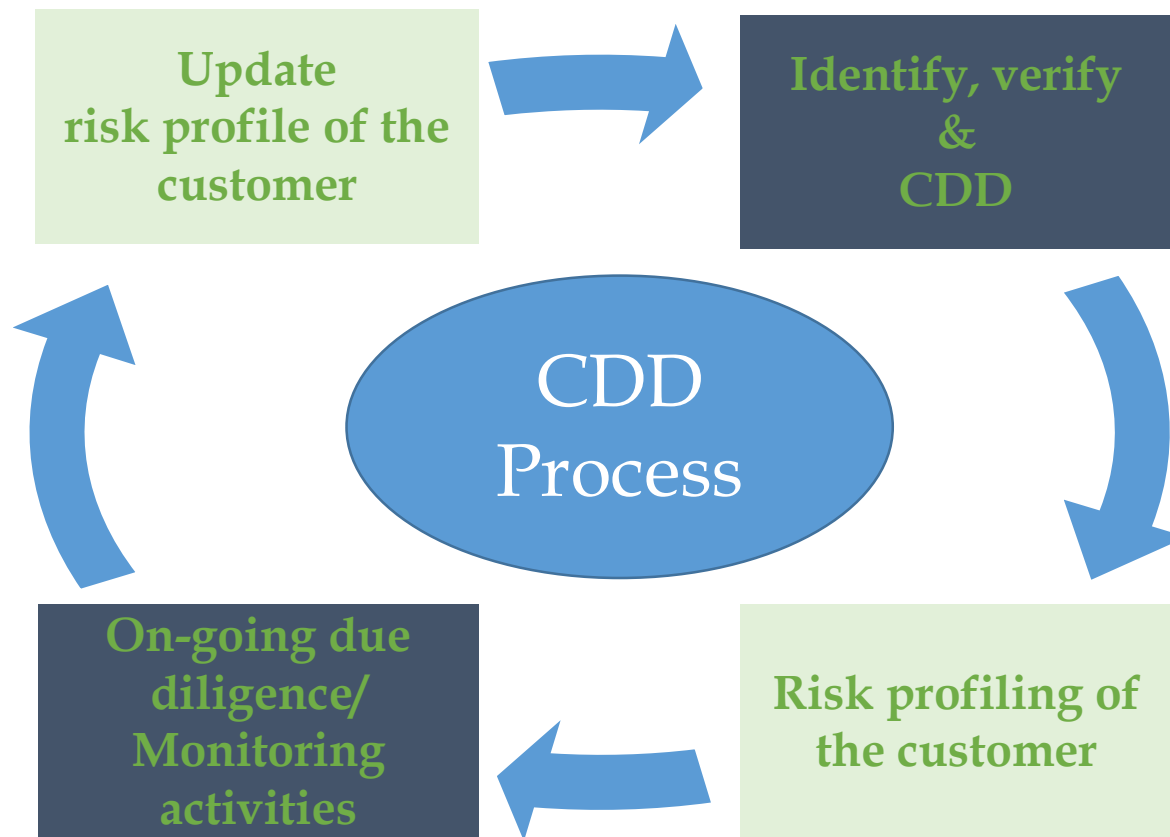
FIU's Expectations of Compliance Officers' Effective Execution of AML/CFT Measures Cont.

Implement the Customer Identification Requirements- Applicability of Customer Due Diligence Rules, No. 1 of 2016

- To every Institution which engages in **finance business** ("Financial Institution") to which the provisions of the FTRA apply.
- Finance Business is defined under **Section 33 of the FTRA.**
 - Licensed Banks – LCBs and LSBs
 - Licensed Finance Companies
 - Licensed Stockbrokers
 - Money or Value Transfer Service Providers (Ex: Money remitters, Mobile based money transfer service providers (eZcash, Mcash))
 - Authorized Money Changing Companies

FIU's Expectations of Compliance Officers' Effective Execution of AML/CFT Measures Cont.

Implement the Customer Identification Requirements- Conducting CDD



FIU's Expectations of Compliance Officers' Effective Execution of AML/CFT Measures Cont.

Implement the Customer Identification Requirements- Conducting CDD

- ▶ Identify customers (including beneficial owners) prior entering into business relationships.
- ▶ Obtain the information specified in the Schedule, verify such information and record the same for the purpose of identifying and initial risk profiling of customers.
- ▶ Minimum CDD,
 - Purpose of the account
 - Source of earnings
 - Expected monthly turnover
 - Expected mode of transactions
 - Expected type of counterparties (if applicable)

FIU's Expectations of Compliance Officers' Effective Execution of AML/CFT Measures Cont.

Implement the Customer Identification Requirements- Simplified Customer Due Diligence (SCDD) & Enhanced Customer Due Diligence (ECDD)

- ▶ When a Customer is Rated as,
 - Low Risk → Follow SCDD (Minimum CDD)**
 - High Risk → Follow ECDD**

- ▶ Inherently High-Risk Categories
 - PEPs (Politically Exposed Persons)
 - NGOs and NPOs
 - Customers from high-risk countries

FIU's Expectations of Compliance Officers' Effective Execution of AML/CFT Measures Cont.

Implement procedures for the record keeping and retention requirements

- Section 4 of the FTRA - The FI shall maintain and retain records for six (06) years from the date of transaction.

Implement the process of monitoring

- Section 5 of the FTRA - The FI shall conduct **ongoing due diligence** on the business relationship with its customer and **conduct ongoing scrutiny** of any transaction undertaken throughout the course of the business relationship with a customer.

FIU's Expectations of Compliance Officers' Effective Execution of AML/CFT Measures Cont.

Implement the reporting requirements- Mandatory Reports to the FIU

- **Reporting under Section 6**
 - Cash Transactions Report (CTRs)
 - Electronic Fund Transfer Reports (EFTs)
- **Reporting under Section 7**
 - Suspicious Transactions Report (STRs)

FIU's Expectations of Compliance Officers' Effective Execution of AML/CFT Measures Cont.

Implement the reporting requirements- Mandatory Reports to the FIU

Section 6 - CTRs

- Any transaction of an amount in cash exceeding such sum as prescribed by the Minister in the Gazette, or its equivalent in any foreign currency (unless the recipient and the sender is a bank licensed).
- Extra Ordinary Gazette No. 1555/9 - dated 25, 2008 prescribed the limit as Rs.1Mn.

Section 6 - EFTs

- Any electronic funds transfer at the request of a customer exceeding such sum as shall be prescribed by regulation.
- EFTs inclusive of- Inwards & Outwards, SLIP Transfers, RTGS transactions, Credit Card Transactions, Debit Card Transactions (If applicable) and Transactions relating to PFCA and BFCA accounts.

FIU's Expectations of Compliance Officers' Effective Execution of AML/CFT Measures Cont.

Implement the reporting requirements- Section 7 of the FTRA - STRs

Where an Institution:

- has reasonable grounds to suspect that any transaction or attempted transaction may be related to the commission of any unlawful activity or any other criminal offence; **or**
- has information that it suspects may be relevant—
 - (i) to an act preparatory to an offence under the provisions of the Convention on the Suppression of Financing of Terrorism Act, No. 25 of 2005,
 - (ii) to an investigation or prosecution of a person or persons for an act constituting an unlawful activity, or may otherwise be of assistance in the enforcement of the Prevention of Money Laundering Act, No. 5 of 2006 and the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005,
- the Institution shall, as soon as practicable, after forming that suspicion or receiving the information, but no later than two working days therefrom, report the transaction or attempted transaction or the information to the FIU.

FIU's Expectations of Compliance Officers' Effective Execution of AML/CFT Measures Cont.

Implement the reporting requirements- Summary of Section 7

- If the Institutions have reasonable grounds to suspect that any transaction or attempted transaction may be related to the commission of any unlawful activity or any criminal offence;
 - To be reported by way of mail (e-mail), or telephone call that to be followed up in writing within 24-hours

**Follow the format provided by Gazette Extraordinary
No. 2015/56 dated 21.04.2017**

FIU's Expectations of Compliance Officers' Effective Execution of AML/CFT Measures Cont.

Implement the reporting requirements- Tipping Off & Protection for the Officers

- As per Section 9 of the FTRA, a person should not disclose any other person that
 - A report has been made to the FIU
 - A suspicion has been formed
 - Other information has been submitted to the FIU
- Except disclosure to;
 - Officer connected with the performance of duties
 - Lawyer, attorney or legal representative on obtaining legal advices
 - Supervisory authority
- As per Section 12 of the FTRA, no civil, criminal or disciplinary proceeding lie against any person or institution reporting STRs under the Act in good faith.



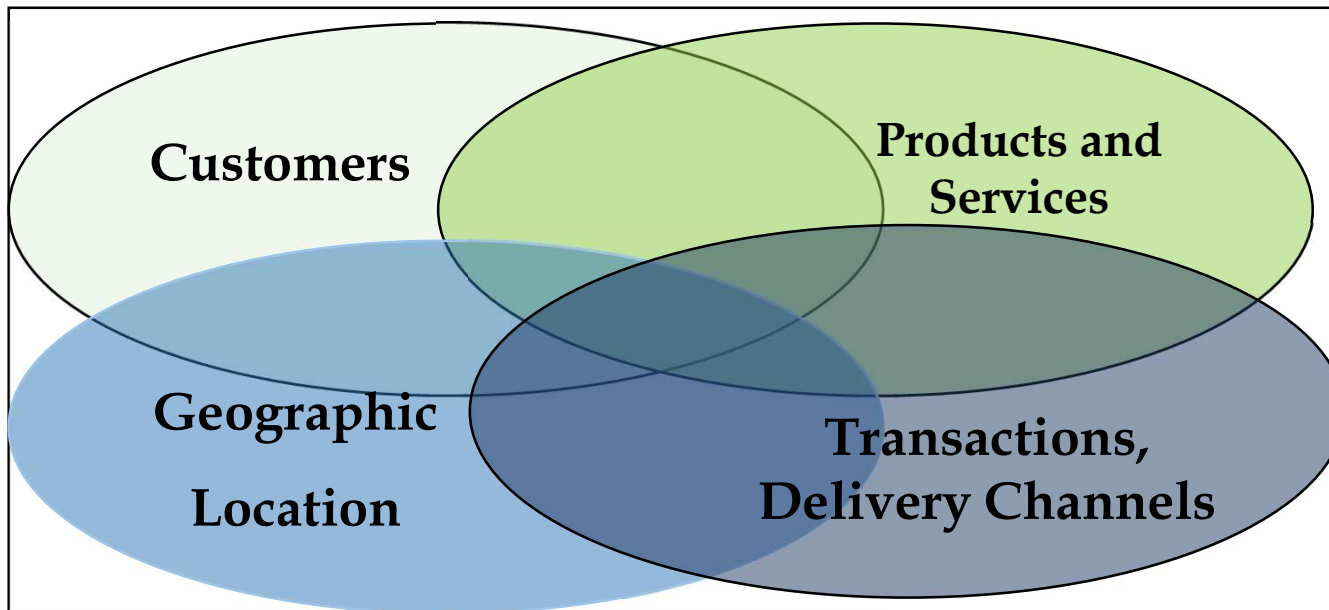
FIU's Expectations of Compliance Officers' Effective Execution of AML/CFT Measures Cont.

Other Responsibilities of the CO under Section 14 (1) (b), (c) and (d) of the FTRA

- Make aware the officers/employees of the Institution on the laws relating to money laundering and financing of terrorism.
- Screen all persons before hiring them as employees.
- Establish an audit function to test Institution's procedures and systems for the compliance with the provisions of the FTRA.
- Train officers, employees and agents to recognize suspicious transactions.

Money Laundering (ML)/ Terrorist Financing (TF) Risk Management

FIs shall take appropriate steps to identify, assess and manage its ML/TF risks in relation to;



ML/TF Risk Management Cont.

- **Documenting** risk assessments and findings.
- Update the risk assessments through **periodic review**.
- Provide a **timely report** of its risk assessment, FI's ML/TF risk profile and the effectiveness, of risk control and mitigation measures to, its BOD.
- Formulate an **internal policy** approved by its BOD subject to the written laws in force.

Further Guidance

- Guideline for ML/TF Risk Assessment for Financial Institutions, No. 1 of 2018 issued on 11.01.2018.

Non-face-to-face Onboarding of Customers

Issued on 30.12.2020

Guidelines for Non-Face-to-Face Customer Identification and Verification Using Electronic Interface Provided by the Department for Registration of Persons, No. 3 of 2020.

These Guidelines provide alternate methods to meet the requirement of “verification against original document” for individual customers who are natural persons as detailed in the following:

- a) Schedule to the FI CDD Rules under Rule 27 – Item (1)
(b)(i) – verification of identity document.
- b) Schedule to the FI CDD Rules under Rule 27 – Item (1)
(b)(ii) – verification of address.